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FEDERAL COURTHOUSE CONSTRUCTION

More Disciplined Approach Would Reduce Costs and Provide for Better Decisionmaking

Statement of J. William Gadsby
Director, Government Business
Operations Issues
General Government Division

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FEDERAL COURTHOUSE CONSTRUCTION: MORE DISCIPLINED APPROACH WOULD REDUCE COSTS AND PROVIDE FOR BETTER DECISIONMAKING

SUMMARY STATEMENT OF J. WILLIAM GADSBY
DIRECTOR, GOVERNMENT BUSINESS OPERATIONS ISSUES

The General Services Administration (GSA) has begun a major courthouse construction initiative that could cost $10 billion over the next 10 to 15 years. Of the estimated 200 projects the judiciary says it needs, about 80 are in various stages of design or construction, or have been completed. GAO's review of this multi-billion-dollar effort was made at the request of several Members of Congress.

Although GSA and the judiciary have processes to identify needs and to propose projects, they have not developed and implemented a strategic capital investment plan that (1) puts projects in some long-term strategic context, (2) sets priorities among competing projects, and (3) identifies short- and long-term project funding needs. Thus, projects other than those proposed by GSA seem equally defensible. This impedes sound decisionmaking and can result in the substitution or addition of projects that have had little or no planning or evaluation. GAO's review indicated that there is little assurance that the 47 new courthouse projects Congress funded between 1992 and 1995 were fully justified or of the highest priority. At the time these 47 projects had received initial funding, for example, 35 had not been approved within the judiciary; 25 had not been requested by GSA; and 33 had not been approved by both the Senate and House Public Works Committees. Further, several yet-unfunded projects appeared to be more urgently needed than some funded projects.

With respect to project costs, GAO's case study analysis of 10 courthouse construction projects showed that decisionmakers in GSA and the judiciary had wide latitude in making choices that significantly affected costs. These choices were made under circumstances in which budgets or designs were often committed to before requirements were established, design guidance was flexible, and systemic oversight was limited. The result was that some courthouses had, or are to have, more expensive materials or costly design configurations and enhancements, while others had, or are to have, more cost-conscious features. These differences had a major impact on the cost of building courthouses.

GSA and the judiciary have some actions under way aimed at improving the courthouse construction initiative. Also, Congress has taken several actions, including holding hearings and urging the judiciary to prioritize projects. GAO is making recommendations to GSA, the judiciary, and Congress to further improve courthouse construction planning, enhance decisionmaking, and reduce costs.

Mr. Chairman and Members of the Subcommittee:

We welcome this opportunity to appear before you today to discuss the results of our recently completed work on federal courthouse construction. As you know, the General Services Administration (GSA), in response to the judiciary's growing space needs, has begun a major courthouse construction initiative that could cost $10 billion over the next 10 to 15 years. Because of the significant amount of money involved and concerns that some new courthouses may not be needed or are too expensive, we were asked by eight Members of Congress to review this initiative. These Members are Senators Baucus, Cohen, Dorgan, Glenn, Kerrey, and McCain and Representatives Duncan and Istook. In August 1995, Congressman Shuster, Chairman of the House Committee on Transportation and Infrastructure, and Congressman Gilchrest, Chairman of the Subcommittee on Public Buildings and Economic Development asked to be added as requestors for this work.

My testimony focuses primarily on three areas: (1) the approach for meeting federal courthouse needs, (2) the controls and oversight over courthouse construction design and cost, and (3) the current efforts to improve this multi-billion-dollar initiative. Our observations are based on an analysis of data on the 47 new courthouse construction projects that were funded between fiscal years 1992 and 1995;[1] detailed case studies of 10 courthouse projects--in Miami, FL; Kansas City, KS; Shreveport, LA; Boston, MA; Minneapolis, MN; St. Louis, MO; Newark, NJ; Reno, NV; New York, NY; and, Alexandria, VA--that were either in design, construction, or had recently been completed at the beginning of our review; and numerous discussions with officials from GSA, the judiciary, including the Administrative Office of the U.S. Courts (AOC), the Office of Management and Budget (OMB), and representatives of architectural and engineering (A/E) firms involved in the 10 courthouse projects. The information presented on the 10 projects was developed on the basis of discussions with and documents obtained from GSA and A/E officials specifically responsible for each of the projects. Appendix I discusses our objectives, scope, and methodology in greater detail.

Before I present specific observations on each of the areas we reviewed, I would like to provide some background information on the courthouse construction initiative.

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[1]Recent legislation rescinded all funding for 1 of these projects and a portion of funding for 14 others (P.L. 103-329, dated September 30, 1994, and P.L. 104-19, dated July 27, 1995). In total, about $85 million was rescinded from 15 of the 47 projects.

BACKGROUND

In 1988, to determine where new and additional space was needed, the Judicial Conference of the United States directed each of the 94 judicial districts to develop long-range plans for their space needs with assistance from AOC, which is the administrative arm of the judiciary. AOC developed a process to predict long-range court space needs on the basis of projected caseloads and staffing levels.[2] To date, AOC has provided each judicial district with planning guidance in developing 5-, 10-, 20-, and 30-year space need projections. According to the judiciary's established process, each district's plan is to be approved by the responsible chief district judge, and needs for individual projects are to be approved by each district's circuit judicial council. Circuit judicial councils consist of the chief judge of the circuit and an equal number of appellate and district judges. These councils manage caseloads and carry out related administrative responsibilities. The judiciary is to request new courthouse projects from GSA on the basis of this planning process.

As of September 1994, the judiciary had identified approximately 200 of 731 existing court facilities as "out of space" within the next 10 years. Of these 200 facilities with additional space needs, 80 are in various stages of planning or construction, or have been completed. Funding required to construct these 200 facilities is estimated by GSA and AOC to be about $10 billion. As the government's principal real estate agent, GSA is responsible for planning, acquiring, and managing courthouse facilities. GSA uses the district courts' 10-year space projections to develop requests for both new courthouse construction and expansion of existing court facilities.

GSA requests funding for courthouses and other federal building capital investment projects as part of the president's annual budget request to Congress--these costs are financed by the Federal Buildings Fund.[3] Under section 7(a) of the Public

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[2]We issued a separate report on AOC's planning process entitled FEDERAL JUDICIARY SPACE: Long-Range Planning Process Needs Revision (GAO/GGD-93-132, Sept. 28, 1993). In May 1994, we testified before the Senate Committee on Governmental Affairs on the judiciary's actions in response to that report. See FEDERAL JUDICIARY SPACE: Progress Is Being Made To Improve The Long-Range Planning Process (GAO/T-GGD-94-146, May 4, 1994).

[3]GSA also received congressional approval to fund a limited number of construction projects through the Federal Financing Bank (FFB). FFB was created to reduce the cost of federal and federally assisted borrowing from the public and to assure that such borrowings are financed in a manner least disruptive of

Buildings Act of 1959, as amended, GSA is required to submit to the Senate and House Public Works Committees detailed project descriptions, called prospectuses, that contain project cost estimates and justifications. Prospectuses are required for projects that exceed a prospectus threshold that is specified in the act and has been indexed upward over the years by GSA. The threshold was $1.67 million for fiscal year 1995 projects.

The statute further provides that the Senate and House Public Works Committees should review and approve individual projects before funding is obtained. In response to requests from Congress based on section 11(b) of the Public Buildings Act of 1959, as amended, GSA also submits reports to Congress that identify future projects in specified locations. These section 11(b) reports are to contain the same information as prospectuses; however, they differ from prospectuses in that they generally do not correspond to or support GSA requests for funding as part of the president's budget. In fact, while GSA's 11(b) reports contain a statement of need, most 11(b) reports do not identify the appropriate future year for project funding, and the cost estimates they contain are not fully defined.

Once projects are funded by Congress, GSA contracts with private sector firms for design and construction work. In designing courthouses, GSA relies heavily on the standards and guidance of the U.S. Courts Design Guide, which was developed by the judiciary. The Guide specifies the judiciary's criteria for designing new court facilities. According to the Guide, courthouse facilities "should be monumental in design expressing solemnity, stability, integrity, rigor and fairness in the Federal Judicial system, and provide a civic presence through continuity with the American architectural heritage of public buildings and courthouses." GSA also relies on its standard guidance for constructing federal office buildings.

Federal courthouses are substantially different from most federal office buildings. Courthouses have unique features, such as higher ceilings for courtrooms, special finishes for courtrooms and judges' chambers, elaborate security systems, and prisoner circulation and holding cells. These features tend to make courthouses more expensive to build. According to GSA, for example, a mid-rise courthouse built in 1993 cost at least $44 per gross square foot more to build than a comparably sized federal office building, which was estimated to cost $116 per gross square foot.

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private financial markets and institutions.

LACK OF STRATEGIC PLANNING IMPEDED EFFECTIVE REVIEW AND OVERSIGHT

Although this major courthouse construction initiative began in the late 1980s, there has not been and still is not a comprehensive strategic plan to facilitate and guide congressional decisionmaking. Both GSA and the judiciary have planning processes to identify courthouse construction needs but have yet to develop a capital investment plan that (1) puts individual projects in some long-term strategic context, (2) sets priorities among competing projects, and (3) identifies short- and long-term project funding needs. As we noted in our past work, absent this information, Congress has little practical choice but to consider projects individually. And since there is no articulated rationale or justification in a long-term strategic context for GSA's proposed projects, other projects can seem just as defensible. As shown by our review, these circumstances can facilitate the substitution or addition of projects for which there has been little or no planning or evaluation.

Our analysis of the 47 new courthouse construction projects funded between fiscal years 1992 and 1995 showed that Congress provided initial funding for many of them before the judiciary's planning and oversight process was completed, without GSA funding requests or prospectuses, and before projects were approved by the House and Senate Public Works Committees. Let me summarize the results of this analysis:

Related to the judiciary's planning and oversight process:

-- Twenty-two of the 47 projects received initial funding before chief district judges approved the long-range facility plans identifying court space needs in districts where these projects are located. Although some of these projects received initial funding during the early stages of the judiciary's planning process, 13 of the 47 projects--9 of which received additional funding in 1994 or 1995--are in districts that still lacked approved plans as of the end of our review.

-- Thirty-five projects received initial funding before circuit judicial councils formally approved a need for them. Although these councils eventually approved a need for 11 of these projects, 24 still had not been approved as of the end of our review.

Although AOC has undertaken a vigorous effort to provide each of the 94 judicial districts with guidance for assessing and projecting space needs, GSA and AOC acknowledged that some projects were funded before these needs assessments were completed. AOC and GSA also recognized the importance of circuit

judicial council approvals, and the judiciary has made the circuits aware of their critical role in approving projects. Furthermore, starting in January 1993, GSA established a policy of no longer considering the judiciary's requests for individual projects unless related long-range plans had been approved by chief district judges and the need for individual projects had been approved by the circuit judicial councils.

Similarly, numerous projects were not fully subjected to GSA's planning process. For example:

-- Congress provided initial funding for 25 of the 47 projects without the benefit of GSA prospectuses that correspond to and support GSA funding requests and justify project scopes and costs.

-- Eleven of these 25 projects received initial funding on the basis of GSA 11(b) reports recommending construction in future years. These 11(b) reports contained only preliminary cost estimates and did not correspond to GSA requests for funding.

-- The remaining 14 projects received initial funding without GSA prospectuses or 11(b) reports--on the basis of what appeared to be informal communication among officials from the judiciary, GSA, and Congress using, for example, cost estimates provided by GSA regional offices or AOC. Therefore, there was less assurance that these projects were the highest priority or that estimated costs were reasonable.

-- In total, Congress provided about $2 billion for these 47 projects--over $800 million of this funding was appropriated without GSA funding requests. This $800 million was provided for the 25 projects Congress initiated and as supplemental funding for 4 of the projects that received initial funding on the basis of GSA requests.

Finally, our analysis showed that 33 of the 47 projects received initial funding before they were approved by both the Senate and House Public Works Committees. Twenty of these projects were subsequently approved by both of these Committees after appropriations were provided. However, as of the end of our review, 9 projects had been approved by only 1 of these Committees and 4 projects had not been approved by either Committee. Therefore, the responsible oversight Committees did not have the opportunity to systematically and thoroughly consider the relative urgency, merits, and costs of these projects before Congress initially funded them.

I would like to stress, at this point, that if all the projects had been approved by the Public Works Committees and likewise had

been fully subjected to the judiciary's and GSA's planning processes, better oversight would have occurred and Congress would have had better information to assure itself that projects were justified. As we have reported in the past, however, GSA's annual funding requests and related prospectuses have not presented projects within a long-term strategic context and have not provided an adequate rationale for the relative priority of proposed projects or why those projects should be funded instead of others. In addition, the judiciary has yet to use specific criteria for prioritizing courthouse needs, which, coupled with a strategic plan, are critical to making sound, major capital investment decisions. As a result, Congress continues to be at a disadvantage in determining which projects--whether initiated on the basis of prospectuses, 11(b) reports, or informal communication--are the highest priority.

Given this situation, we too were at the same disadvantage. That is, we were unable to definitively determine whether these 47 projects were needed more than others. Nonetheless, AOC data indicated the following:

-- Several yet-unfunded locations had more severe operational inefficiencies or security shortfalls than some funded locations.

-- At least 12 projects were funded before court facilities in those locations were out of space; 1 of these projects was not among the estimated 200 the judiciary said it needs. In contrast, dozens of other yet-unfunded locations have been out of space since 1990 or 1991.

Senior GSA and AOC officials both acknowledged that there were other projects that were more urgently needed than courthouses that were funded and that the current funding process does not adequately identify or prioritize critical projects. In addition, GSA officials said that they often had other needed projects that they were better prepared to construct than funded projects that had not been subjected to the established review and oversight process.

GSA and the judiciary have recently initiated efforts to improve the project identification and funding processes. These efforts, which I will discuss in more detail later, are in the early stages of development and are aimed at developing specific criteria for project prioritization and formulating a rolling 5-year plan of projects for congressional decisionmaking. In addition to these efforts by GSA and the judiciary, Congress has held hearings and legislation has been proposed aimed at controlling costs and improving information for decisionmaking.

The lack of an overall strategic plan and defensible priority-setting system to guide courthouse decisionmaking is further

complicated by unresolved questions about whether the judiciary has a valid need for all the courtrooms being planned and built. According to the U.S. Courts Design Guide, one trial courtroom is generally required for every district judge. The former Chairman of the Judicial Conference's Security, Space and Facilities Committee told us that judges need their own courtroom for such reasons as the impact of courtroom availability on settlement negotiations and the inability to predict the length of trials. However, the judiciary does not have readily available data on how frequently individual courtrooms are actually used.

The judiciary recognizes the need to examine courtroom usage and is studying whether courtroom sharing would negatively affect the judiciary's ability to dispense justice. An AOC official told us that a report on courtroom utilization is now being prepared and that AOC expects to have it completed and reviewed by the Judicial Conference in 1996. If the judiciary can find ways to reduce the number of courtrooms needed, substantial savings would result because courtrooms are expensive to build.

LIMITED CONTROLS AND OVERSIGHT OVER COURTHOUSE CONSTRUCTION COSTS

A primary reason for the variance in construction costs among courthouses was that responsible project officials--GSA project managers and the judiciary--had wide latitude in making choices about the location, design, construction, and finishing of courthouse projects. These choices were made under circumstances in which budgets or designs were often committed to before requirements were established, design guidance was flexible, and systemic oversight was limited. The result of these choices was that individual projects had substantial differences in their features and finishes, which had a major impact on the cost of building courthouses.

We recognize, like GSA and AOC, that courthouses should not be "cookie-cutter" projects and that decisionmakers need flexibility to design and construct courthouses. We also recognize that in some instances, costly features may be justifiable because of life cycle cost considerations or other factors such as architectural requirements. However, we also believe that flexibility in the process can and should be better managed. The substantial unevenness among projects being built across the country raises questions about whether scarce resources are being used effectively.

Limited records and the unique nature of each courthouse construction project we reviewed in detail did not allow us to definitively compare and contrast the full range of choices made concerning individual project features and finishes. Likewise, the collective influence of such factors as building design,

size, height, market conditions at the time of contract award, and the ratio of court space to noncourt space limited our ability to specifically determine why estimates varied on the cost per square foot of each project. As shown in appendix II, GSA's projections on the cost to complete construction for 7 of the 10 projects ranged from $111 to $171 per square foot, with Foley Square at $235 per square foot, after GSA adjusted estimated construction cost data to January 1995 and adjusted for differences in location and seismic conditions.[4]

Nonetheless, after discussions with A/E firms and GSA project officials, we were able to identify how some decisions about finishes, features, and site characteristics influenced the cost per square foot differences we observed. These decisions, along with such factors as building size and location, also affected the overall cost of each project in our sample. According to GSA estimates, total project costs for 8 of the 10 projects ranged from about $31 million for the Shreveport, LA, courthouse to over $400 million for the Foley Square courthouse in New York City. I want to emphasize that the following examples are presented to illustrate the differences in courthouse projects that flowed from the existing process and substantially influenced costs.

Our first observation concerns differences in the types and use of interior and exterior finishes among the 10 courthouses we examined. For interior construction, which includes interior finishes, GSA's estimated construction cost data for 8 of the 10 courthouses indicated that these projects ranged from an adjusted $19 to $68 per square foot. Our work and discussions with A/E firms and GSA project officials showed that:

-- The Boston courthouse is to have courtrooms finished in English Brown Oak wainscot veneer paneling; drywall above the wainscot and on the ceiling with hand-painted stenciling valued at about $700,000; and veneer and solid wood bookcases behind each judge's bench. Each district courtroom at the Foley Square (NY) courthouse has one of four types of wood veneer paneling--mahogany, cherry, American oak, or walnut--installed from floor to ceiling, which, according to GSA, cost about $5 million more than using wood wainscot paneling.

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[4]Estimated construction cost data were not available for two of the projects, the Miami courthouse and the St. Louis courthouse. The Miami courthouse, which was constructed using city and Federal Financing Bank funds, is a leased building and GSA's Central Office did not have estimated construction cost data. For the St. Louis project, the construction contract had not been awarded at the time of our review and cost information was procurement-sensitive.

By comparison, district courtrooms in the Kansas City, Shreveport, and Minneapolis courthouses have, or are to have, less costly wood wainscot paneling with fabric-covered acoustical panels on the upper walls. None of the courthouses other than Boston have, or are planned to have, bookcases behind judges' benches.

-- The interior lobby walls and public corridors of several courthouses have or are to have expensive materials. For example, the lobby and public corridors of the Foley Square courthouse have full-height white Vermont marble panels. The building's interior stonework is valued at over $5 million. Furthermore, the main lobby of the Reno courthouse is to have granite walls and granite flooring costing over $800,000. The main lobby and courtroom floor lobbies of the Shreveport courthouse were planned to have wood and vinyl wall coverings and terrazzo floors. The main lobby was later upgraded to have limestone walls and granite floors, and the courtroom floor lobbies were upgraded to granite. The wood and vinyl walls would have cost about $32,000, whereas the limestone walls cost over $165,000. The terrazzo floors would have cost about $109,000, whereas the granite floors cost almost $400,000. The Kansas City and Newark courthouses are also examples where expensive lobby finishes were used.

  In contrast, the Boston courthouse is to have lobby walls using brick and painted drywall, which, according to the GSA project official, are less expensive building materials than marble, granite, or limestone.

-- The exterior walls of the Foley Square courthouse are primarily granite--one of the more costly exterior materials available. By contrast, Shreveport, St. Louis, Reno, Newark, Minneapolis, Kansas City, and Miami all have, or are to have, less costly precast concrete or glass fiber reinforced concrete on most of their exterior walls. The Alexandria and Boston courthouses exterior walls are mostly brick, which, according to the A/E firms, is also less costly than stone.

Our discussions with A/E firms and GSA project officials also showed that choosing certain sites for construction could have a substantial impact on the cost of construction, even though these sites may have been the least expensive choice at the time decisions were made. For instance:

-- The Boston courthouse is being built on the waterfront at Boston harbor. The site will require additional construction costs for (1) extensive waterproofing and windbracing for the building, (2) arches in the bottom floor of the building to minimize the blocking of the harbor view,

(3) a $1.6 million pier and floating dock to accommodate Coastal Zone Management Act requirements, and (4) a 2-acre "harbor park" around the exterior of the building that is projected to cost about $3.4 million.

-- The Foley Square courthouse is located on a small, oddly shaped parcel of land in Manhattan that was costly to build on because it did not allow a more efficient design configuration. Moreover, GSA paid $3.2 million to remove contaminated soil from the site and $1.5 million to dewater the site, which was once a natural pond.

-- The St. Louis courthouse is to be built on an urban parcel of land. The site, coupled with future expansion requirements, limited the A/E's design flexibility because it allowed only a high-rise building. Generally, a high-rise building is more costly because it requires increased costs for such things as elevators, the superstructure, and mechanical systems. In addition, the slope of the site also required the A/E to design a more costly "split-level" lobby.

  In contrast, according to the A/E firm, the site for the Shreveport courthouse was both physically and environmentally clean and was easy to build on.

Finally, our work also showed different choices about building features, such as multipurpose courtrooms, indoor parking, and firing ranges. For example:

-- The Foley Square courthouse has a large multipurpose courtroom with a high level of finishes and features that cost about $5.2 million to complete. The courtroom, which is to be used for ceremonies, appeals, and large multidefendant trials, has a three-tiered bench that seats 48 judges. The courtroom is 5,300 square feet--1-3/4 times larger than the U.S. Courts Design Guide 3,000 square feet standard.

  In contrast, at most of the other courthouses in our sample, large district or appellate courtrooms will also be used or are planned to be used for multiple purposes, including ceremonies. However, these courtrooms generally conform with Design Guide size standards and are finished similar to the other courtrooms in their respective courthouses. For example, the planned appellate courtroom in the Boston courthouse, which will be used for ceremonies, is about 2,400 square feet. On the other end of the spectrum, Newark uses its jury assembly room for naturalization proceedings--one of the purposes identified for multipurpose-type courtrooms.

-- Most of the courthouses we examined were designed to provide district judges with courtroom, chamber, and library space. However, in Kansas City, district judges agreed to reduce their space requirements by sharing a library, thereby reducing the need for individualized library space. In St. Louis, the judges agreed to try courtroom sharing in the future and made this decision to help reduce construction costs. In contrast, the Alexandria courthouse will have 1 finished courtroom that is projected to remain unassigned for 17 years.

-- The Alexandria, Minneapolis, St. Louis, and Foley Square courthouses all have large underground parking facilities with at least 228 spaces, which affects the overall costs of these projects. In fact, the Foley Square courthouse has a parking level, valued at about $5 million, that was built for the municipal government, which no longer plans to use this parking space. Underground parking is an expensive feature, and, according to the Design Guide, underground spaces should be limited to critical functions, such as providing security for judges and their staff. The other courthouses have or are planned to have about 100 or fewer underground parking spaces.

-- The St. Louis and Minneapolis courthouses are to have space for indoor firing ranges, which will result in additional construction costs. In contrast, the other courthouses do not, or they are not being designed to, have space for firing ranges. A firing range was originally planned for the Alexandria courthouse, but it was not built because of inadequate space and the close proximity to a municipal firing range. Meanwhile, the Minneapolis courthouse firing range is being built even though there are several nearby firing ranges available to the Marshals Service. In general, firing ranges are very costly because they require special isolation due to noise, pollutants, and security.

As these examples illustrate, some courthouse projects have or plan to have more costly features than others.

Some Reasons Why Major Differences Occurred

As I indicated earlier, one of the reasons for differences from courthouse to courthouse such as those that we observed among the 10 projects was that premature budgets or design commitments gave local decisionmakers wide latitude to make choices about such factors as finishes, features, and sites, which had a major impact on costs. GSA officials have acknowledged that courthouse construction projects--including prospectus projects--have been approved or designed on the basis of preliminary cost estimates rather than on a clear statement of project requirements. This

is clearly the case for 11(b) projects and those that were funded on the basis of informal communication.

GSA officials have recognized that preliminary project budgets can be imprecise. In March 1994, GSA issued the results of its Time Out and Review initiative during which GSA regional and headquarters staff were asked to reexamine 192 major construction, modernization, and leasing projects, including courthouse construction projects, to move from what was called "a 'comfortable budget' perspective to one that valued the least costly, satisfactory alternative." As a result of this Time Out and Review exercise, GSA's recent projections identified about $324 million in savings from 43 courthouse construction projects.

GSA is also trying to better conceptualize proposed projects and set realistic budgets before requesting project funding. Under its new enhanced Prospectus Development Study (PDS) concept, GSA plans to bring the A/E hired to design the courthouse into the design process at the outset of project development so that the A/E can play a significant role in developing the building concept, generally before project funding--a practice not usually followed in the past. GSA also expects that the enhanced PDS will provide the basis for more accurate project cost estimates before projects go forward for approval and funding.

Another reason for differences is flexible design guidance that allows considerable latitude for interpretation of what types of features and finishes are acceptable for a courthouse. Courthouse construction projects are designed and constructed on the basis of numerous written standards and guidelines, including (1) the U.S. Courts Design Guide, which provides information to plan, program, and design a federal judicial facility; and (2) GSA's Facilities Standards, which provide guidance for the design and engineering of federal buildings.

Our examination of more recent versions of the Courts Design Guide showed that cost differences can occur because the Guide tends to be prescriptive for things like courtroom ceiling height and size, but flexible on things like the types of finishes to be used.[5] According to the Guide, the examples used represent "a quality standard or benchmark" that is not intended to "dictate specific design solutions or treatments." As a result, decisionmakers are able to choose a range of materials--from basswood veneer to the more costly cherry or English Brown Oak veneers--that may cover half a wall or an entire wall. With

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[5]During our review, we noted that the 10 courthouses were designed in accordance with various versions of the Guide depending on when the project was started. In some instances--such as the Boston courthouse--different versions of the Guide were used on the same project.

respect to the use of the Courts Design Guide, our examination and discussions with GSA project officials and A/E firms indicated that the Guide was subject to interpretation--some project officials used the Guide as a minimum standard, while another used it as a maximum standard. Further, the language in the Courts Design Guide calls for circuit judicial council approval for "significant" departures from the Guide, but it also encourages a broad tenant-based interpretation of its standards and specifically states that:

> "The Guide should be interpreted to at all times favor the needs of the user of the space."

The GSA guidance is also flexible. For example, GSA guidance calls for "superbly crafted finishes and details" in public entrance lobbies. However, it does not specify the types and quantities that meet those criteria allowing decisionmakers the opportunity to choose more costly or less costly materials. For example, in Foley Square, GSA used floor to ceiling white marble in the main lobby and carried the marble motif to each elevator lobby throughout the building. By comparison, GSA used drywall, wood, and agglomerate marble highlights to finish the lobby of the Alexandria courthouse, which, according the project officer, was less expensive than using marble.

The Independent Courts Building Program Panel was established by GSA and AOC to evaluate the courthouse construction initiative. The Panel--comprised of architects, engineers, contractors, and developers involved in major federal courthouse projects--found that existing guidance for designing courthouses, more specifically, interpretation of the guidance, could be a concern. Among other things, the Panel found that the standardized guidelines are interpreted differently by each region, which not only makes comparison of individual facilities on a national basis difficult, but influences such things as the structure, operation, and cost of a facility. Further, the Panel noted that finishes in the Design Guide are reasonable in relation to the intended purpose and function but some inequity of finishes exist across courthouse areas and should be studied for possible cost savings. In response, AOC said it will be looking at the inequity of finishes for possible cost savings.

AOC has taken steps to resolve problems with courthouse design guidance. Since 1991, various versions of the Courts Design Guide have included a chapter on the budgetary considerations associated with building a courthouse, including a section on cost-effective design strategies. The section discusses design techniques and value engineering strategies that are intended to reduce the cost of construction without affecting the building's performance. The judiciary has also more recently revised the Guide to (1) keep pace with suggestions arising out of application of the Guide in the field and (2) reduce the costs of

court facility construction. Among other things, the Guide was changed to include new language about the fiscal considerations of courthouse construction; increase the Guide's compatibility with GSA guidance; and eliminate some types of space, such as jury smokers' lounges and court-related meeting rooms, and some features, such as showers in judges' chambers.

Another reason for differences, and the associated flexibility to make costly choices, was GSA's lack of a systematic approach to oversee and manage the design and construction of projects. Generally, the 10 projects we examined were managed primarily at the GSA regional level with limited oversight and evaluation by GSA's central office. The lack of a systematic approach did not allow GSA to contrast projects in different locations by measuring the impact that design decisions had on construction costs because GSA did not have the necessary data or a central management perspective. As a result, GSA was not in a good position to (1) identify factors that led to increased costs, (2) develop corrective actions, and (3) apply effective cost-controlling techniques used on some courthouse projects to others.

One example of GSA's limited systemic oversight and influence over the courthouse construction initiative was the choice about sites for building courthouses. According to the GSA/AOC Task Force charged with responding to the Independent Courts Building Program Panel, sites were sometimes subject to politics or local judicial preferences, with courthouse location, for example, being influenced by free sites. In fact, the Task Force said that GSA had not traditionally considered the impact of site selection on the cost of a project, evaluating only the purchase price and not accounting for the impact of site development and configuration, implications of soil boring, and the potential for toxic cleanup on the total project cost.

GSA officials have acknowledged that courthouse construction has had inconsistent execution and management across the country. GSA officials also recognized that (1) decisionmaking has been on a project-by-project basis delegated to GSA's regional offices and (2) lessons learned at one location have escaped application at another.

The Independent Courts Building Program Panel also acknowledged that a central management approach was needed. The Panel found that the current management system for developing courthouses is divided between GSA and AOC and is diluted by GSA's decentralized program management at the regional or local level. In addition, the Panel said that the size and complexity of federal courthouses, combined with the magnitude of the current construction program, requires a systems approach as opposed to a series of unrelated buildings. It said oversight by a core team

of experts would eliminate the constant reinventing of the wheel currently occurring at the regional level.

EFFORTS TO IMPROVE THE COURTHOUSE CONSTRUCTION INITIATIVE

GSA and Congress have recognized serious problems with the government's courthouse construction program and are taking steps to put more focus and discipline into the courthouse planning, funding, and construction process. As I mentioned before, the Independent Courts Building Program Panel was established by GSA and AOC to evaluate the courthouse construction initiative. In response to the Panel's report, GSA and AOC established a Task Force that, in September 1994, acknowledged the Panel's findings and accepted almost all of its 22 recommendations. These recommendations ranged from using a private sector team-building technique called partnering to improve communication among the players (including GSA, the judiciary, and A/E contractors) to using project cost benchmarks as a basis for determining whether costs need to be reduced.

One of the more important actions has been the formation of a Courthouse Management Group (CMG), which has been established within GSA's Public Buildings Service to be the central management organization for the courthouse building program. One of CMG's major responsibilities is to develop a 5-year rolling plan that prioritizes courthouse construction projects for congressional approval and funding. According to GSA officials, a Steering Committee, comprising GSA and judicial officials, may be established to advise the CMG on the direction and scope of the program and for approving the 5-year plans. In a related move, Congress has directed that the courthouse construction requirements established by GSA and OMB include a prioritization of projects by AOC.[6] This is a much needed step that should (1) help identify the most needed courthouse construction projects and (2) establish a framework for assisting the Steering Committee and CMG in their efforts to develop 5-year plans.

In addition to CMG's effort, it is important to recognize that Congress has undertaken several initiatives in an attempt to control the cost of courthouse projects. First, Congress has held hearings to address the management of this effort and has tasked the judiciary with prioritizing projects. Second, as mentioned before, recent legislation rescinded about $85 million from courthouse projects. Furthermore, S. 1005 was introduced earlier this year to, among other things, put more structure and discipline into the courthouse construction initiative. Some of

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[6]See the conference report for GSA FY 1995 appropriations (Report # 103-741).

the provisions of the bill would require a biennial plan that prioritizes federal building projects, including courthouses; more information on the number of judges to be housed in each courthouse and a full justification of the need and cost of each project; and revisions to the Courts Design Guide and the establishment of a uniform set of design standards.

We believe that S. 1005, if enacted, coupled with actions GSA and the judiciary have underway, should go a long way towards (1) improving the identification and justification of the highest priority courthouse projects, and (2) delivering courthouses that are built in a cost-conscious environment. However, many of GSA's and the judiciary's actions are in the early stages of development and it is too early to gauge the effectiveness with which they will be implemented. Thus, it is important that they be monitored and their progress evaluated to better ensure that the cumulative effect results in a more cohesive, better-managed courthouse construction program.

RECOMMENDATIONS TO THE ADMINISTRATOR OF GSA AND THE DIRECTOR OF AOC

To help promote and ensure the effective implementation of actions under way to improve the overall management and oversight of the courthouse construction initiative, we recommend that the Administrator of GSA and the Director of AOC work together to (1) establish specific measures for assessing the progress of the actions taken and evaluating their overall effectiveness and (2) develop timetables for monitoring progress, evaluating effectiveness, and institutionalizing results. It is especially important that this be completed for the following key actions:

-- complete and effectively implement a capital investment plan that identifies, fully justifies, and sets priorities among needed projects and lays out all known needed projects in a long-term strategic context--including the specific rationale and criteria used for identifying each of the higher priority projects and the estimated funding needed to design and construct the projects;

-- clearly define project scope and refine construction cost estimates before requesting project approval and final funding levels; and,

-- establish and effectively implement a systematic and ongoing project oversight and evaluation process to compare and contrast courthouse projects, identify opportunities for reducing cost, and communicate and apply lessons learned to ongoing and future projects.

We also recommend that GSA and AOC establish a mechanism to monitor and assess the use of the flexible design guidance with a

view toward striking a better balance in the choices made about courthouse design, including features and finishes.

RECOMMENDATION TO CONGRESS

Given the magnitude of the government's $10 billion courthouse construction initiative, we also recommend that Congress (1) provide initial funding for projects only after they have been prioritized and authorizing committees have evaluated and approved them and (2) fully fund projects only after well-defined cost estimates have been developed.

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We met with GSA and AOC officials to discuss the results of our review. They generally agreed with the treatment of the issues discussed in this statement and our recommendations. This concludes my prepared statement. My colleagues and I would be pleased to answer any questions.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to examine (1) the approach for meeting federal courthouse needs, (2) the controls and oversight over courthouse construction design and cost, and (3) the current efforts to improve this multi-billion-dollar courthouse construction initiative. We did our work primarily at the General Services Administration (GSA) in Washington, D.C.; the Administrative Office of the U.S. Courts (AOC); and at 10 courthouse locations throughout the country--Miami, FL; Kansas City, KS; Shreveport, LA; Boston, MA; Minneapolis, MN; St. Louis, MO; Newark, NJ; Reno, NV; New York, NY; and Alexandria, VA.

To meet our first objective, we examined and evaluated the processes used by AOC, GSA, and Congress for identifying, justifying, prioritizing, and funding new courthouse construction projects. Specifically, we focused on 47 new courthouse construction projects Congress funded between fiscal years 1992 and 1995. We identified the total funding these projects received through reviewing GSA budget requests and resulting appropriation acts. For each of the 47 projects, we analyzed key documents and information related to the established process for planning and funding projects. These include (1) the judiciary's long-range facility plans, (2) circuit judicial council approvals, (3) GSA's prospectuses and 11(b) reports, and (4) Public Works Committees' approvals of projects. Our analysis focused on whether these components of the established process were completed at the time each individual project received initial funding, recognizing that project funding can occur in more than one fiscal year. We also considered our past GAO work on GSA capital investment issues; analyzed various laws, policies, and procedures; and interviewed responsible GSA, AOC, and Office of Management and Budget (OMB) officials.

To meet our second objective, we selected ten new courthouse construction projects in various stages of development--substantially completed, under construction, or in design--for detailed review and analysis. Our specific selection goals were to examine projects in various phases of development and in diverse geographic locations, and review projects in a mix of GSA regions. We limited the number of projects because reviewing geographically dispersed projects required time-consuming file reviews, extensive data development, many interviews with project-related officials, and significant travel expenses.

According to GSA records, the Newark, Shreveport, Kansas City, and Miami courthouses were substantially completed during fiscal years 1993 and 1994 and had the highest estimated construction cost for completed projects; New York, Minneapolis, Reno, and Alexandria were in construction as of June 1994 and generally had

the highest estimated construction costs; and Boston and St. Louis were in design--75 percent complete--as of June 1994 and also had high estimated construction costs. We looked at the higher cost projects to maximize our audit resources in relation to the hundreds of millions of dollars appropriated for courthouse construction.

For each of the 10 projects, we toured the facility or construction site, reviewed and analyzed project files, and documented and examined the estimated construction cost for each of the project's major building components. We also discussed project planning, funding, design, and construction issues with GSA project officials, and representatives of Architecture/Engineering (A/E) firms involved in each project. We also met with federal judges at each location. The information presented on the various features that influenced costs for each project was developed on the basis of discussions with and documents obtained from GSA and A/E representatives responsible for each project.

To meet our third objective, we reviewed and analyzed the December 1993 Report of Independent Courts Building Program Panel on courthouse construction and the September 1994 GSA/AOC Implementation Plan that responded to the Panel's recommendations. We also had discussions with GSA and AOC officials in Washington, D.C., about their plans and actions to improve the courthouse construction initiative, specifically about their planned actions to implement the recommendations of the Panel's report.

We did not validate the accuracy and reliability of the data GSA, AOC, and A/E firms provided because of resource limitations and time constraints. However, when we found discrepancies, we made adjustments to the data based on discussions with GSA and AOC officials and A/E firm representatives. We did our work between June 1994 and July 1995 in accordance with generally accepted government auditing standards. We discussed the results of our work with GSA and AOC officials and the judges at courthouse project locations and incorporated their comments where appropriate.

APPENDIX II

PROFILE OF 10 SELECTED COURTHOUSE CONSTRUCTION PROJECTS

Project	Gross square feet	Building height[a]	Total estimated project cost at site[b]	Projected estimated construction cost to completion	Projected estimated construction cost to completion, in cost per square foot	Projected estimated construction cost to completion, normalized to January 1995 and to account for location (Washington, DC) and comparable seismic conditions	Projected estimated construction cost to completion, normalized to January 1995 and to account for location (Washington, DC) and seismic conditions, in cost per square foot
Kansas City, KS	273,200	Mid-rise	$38,129,074	$34,196,592	$125	$41,024,757	$150
Shreveport, LA	256,647	Mid-rise	30,529,175	27,757,000	108	34,354,918	134
Boston, MA	765,000	High-rise	220,237,000	167,924,000	220	130,762,441	171
Minneapolis, MN	706,114	High-rise	91,668,000	85,909,000	122	81,052,306	115
Reno, NV	196,750	High-rise	43,617,000	34,058,000	173	31,169,192	158
Newark, NJ	354,096	Mid-rise	69,507,000	54,515,801	154	52,630,580	149
Foley Square, NY	921,321	High-rise	412,002,377	298,553,683	324	216,822,615	235
Alexandria, VA	515,650	Mid-rise	71,420,000	54,615,791	106	57,253,559	111
Miami, FL	307,312	High-rise	44,000,000	N/A	N/A	N/A	N/A
St. Louis, MO	1,037,632	High-rise	N/A	N/A	N/A	N/A	N/A

Note 1: According to the Acting Assistant Commissioner, Office of Fee Developer, caution should be used when interpreting cost per square foot values because variables, such as construction market conditions, the amount of indoor parking, and the ratio of court space to other types of space, can directly affect the costs of a courthouse.

Note 2: Data on gross square feet and total estimated project costs for the Miami project were based on information supplied by GSA regional officials. Miami is a leased building and GSA's Central Office did not have estimated construction cost data on this project. For the St. Louis project, total estimated project cost and construction cost data was not available because, during our review, the construction contract was not yet awarded and cost information was still procurement sensitive

[a]Mid-rise is 5 to 9 stories and high-rise is 10 or more stories.

[b]Includes site cost, if any, design, management and inspection, estimated construction cost, and reimbursables, if any.

Source: Office of Fee Developer, Public Buildings Service, General Services Administration and interviews with GSA regional officials.

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